BRITISH COLUMBIA

BC STATS

Ministry of Labour and Citizens' Services

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Tourism Industry Monitor ◆ Annual 2004

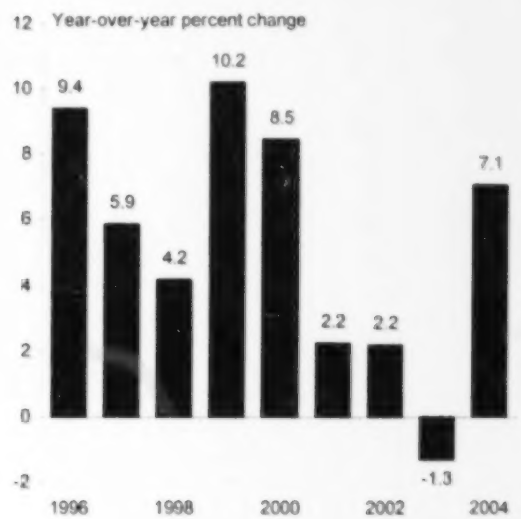
2004 in Review: BC's Tourism Sector Back On Track

BC's tourism sector rebounded in 2004 with most indicators showing solid growth. Room revenues, visitor entries, passenger traffic, and other indicators recovered most of the ground lost in 2003, when various external factors plagued the tourism industry.

Revenues posted strong growth in 2004

Room revenues at hotels, motels and other establishments in British Columbia increased 7.1% to reach close to $1.6 billion in 2004. Although this was below the rates at which revenues had been expanding at the turn of the twenty first century, the rebound highlights the strength of BC's tourism economy.

Strong growth in room revenues in BC

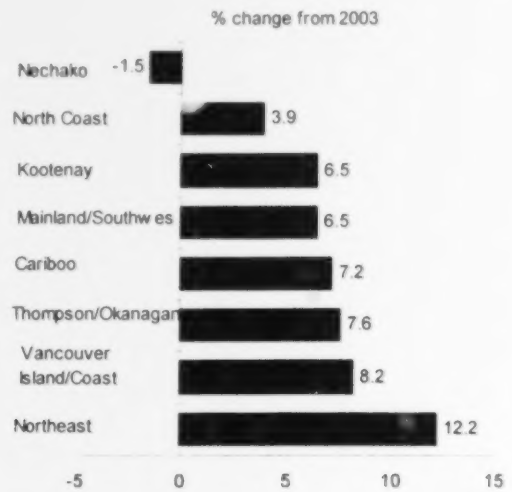


Data Source: BC Stats

Northeast was the top performer in 2004

For the second consecutive year, the Northeast region outperformed the rest of the province in 2004, posting a growth rate of 12.2%. This follows a gain of 22.1% in 2003. Among the regions, only Nechako (-1.3%) had less revenue in 2004 than in the previous year. The two most populated regions, Mainland/Southwest (+6.5%) and Vancouver Island/Coast (+8.2%) made significant gains in room revenues. Thompson-Okanagan (+7.5%) was also a major engine of revenue growth, as were Kootenay (+6.5%), Cariboo (+7.2%) and North Coast (+3.9%).

Revenues up in all regions except Nechako



Data Source: BC Stats

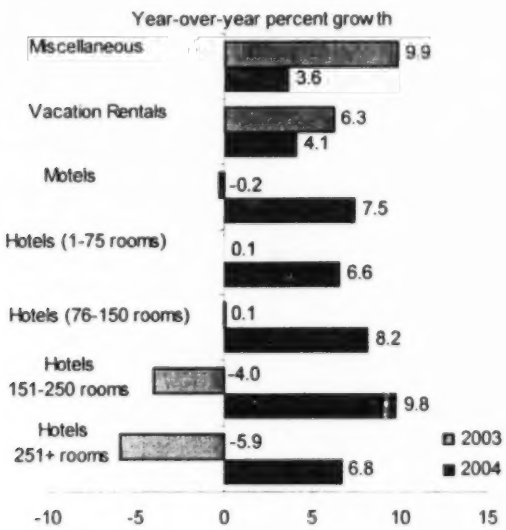
Revenues up at all types of establishments

In 2004, hotels and motels outperformed vacation rentals and other types of accommodation properties (including bed and breakfast, fishing lodges and other types of short-term accommodation).

This is a reversal from 2003, when vacation rentals (+6.3%) and other miscellaneous accommodations (+9.9%) were the only establishments to post significant increases in revenues, proving themselves as important competitors to standard establishments. In 2004, vacation rentals saw a 4.1% increase, while accommodation properties, which include fishing lodges, bed and breakfasts and others, climbed 3.6%.

Top performers in 2004 were large to mid-sized hotels (76-250 rooms) generating almost 33% of the total revenue. Hotels with 151-250 rooms posted the highest gain (+9.8%), followed by mid-size hotels (76-150 rooms, +8.2%). Very large hotels (251+ rooms), which generated almost 30% of total revenue, posted a 6.8% gain.

Large hotels rebounded after slumping in 2003



Data Source: BC Stats

Visitor Entries rose for the first time since 2000

After dropping (-8.0%) in 2003, the number of travellers entering Canada via BC borders rose (+1.2%), increasing to over 7.4 million visitors in 2004. This was the first year-over-year increase since 2000.

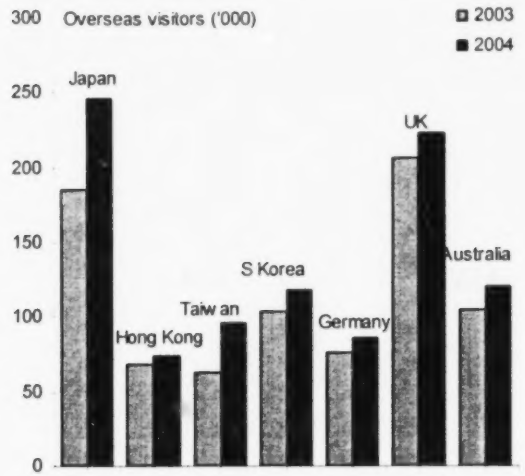
Although entries have been recovering from a three year long downturn, it has been a slow climb up largely due to a drop in entries from the US (-1.9%) in 2004. US entries play a major role in the overall trend for BC because they make up over 80% of all travellers to the province. Over the last four years, the number of US same-day visits to Canada through BC border crossings has been declining, partly due to increased border security delays since September 2001 and more recently a stronger Canadian currency. Last year was no exception, as the number of same-day visitors dropped (-4.4%) to less than 2.5 million. The number of US visitors on overnight trips who enter Canada via British Columbia grew steadily until 2002, but it declined sharply in 2003 (-6.1%). In 2004, overnight travel from the US edged up (+0.4%) to 3.5 million visitors.

Overseas travel to BC recovered

There was substantially more travel to BC (+17.1%) from most overseas markets in 2004. Visits from Asia (+23.9%), Australia, New Zealand and the South Pacific (+15.6%) and Europe (+11.7%) increased significantly.

In 2004, total travel to BC from all of the major overseas markets increased. Visitors from Taiwan (+52.5%) and Japan (+33.0%) led the way last year followed by Australia (+14.6%), South Korea (+13.7%) and Germany (+13.0%). The number of visitors from Hong Kong (+9.3%) and the UK (+8.1%) also went up.

BC's top 7 overseas markets posted gains



Data Source: Statistics Canada

More Canadians returning home from overseas travels

The number of Canadians re-entering the country via BC increased (+7.8%) in 2004 for the second year in a row. Travel to overseas countries has had a very positive trend over the past decade, with the exception of 1999. Each year has seen more overseas returns, with the number of visitors rising 10.7% to over one million travellers in 2004.

Same-day car trips from Canada to the US had declined during most of the last decade, but the trend began to change in 2003, when same-day travel increased (+4.4%). In 2004 same-day cross-border excursions rose 7.8%, as Canadian shoppers and tourists took advantage of a strong dollar for the first time since 1993.

Other Annual Indicators

In the hotel industry, the occupancy rate increased by 3.4 percentage points to nearly 62%, while average room prices rose 1.7% in 2004, to $115.7. The peak occupancy occurred in December (about 64%, seasonally adjusted).

Not surprisingly, considering the upturn in visitor entries, air passenger traffic at Vancouver airport rose to over 15.7 million travellers, 9.8% higher than in 2003, with higher volumes on all types of flights. US trans-border (+3.9%), other international travel (+16.5%) and domestic traffic (+9.9%) all increased. Victoria airport welcomed 1.2 million travellers, a 5.7% increase from 2003.

There was a substantial rebound for other transportation indicators in the province in 2004. BC Ferries were busier, carrying more passengers (+2.8%) and vehicles (+3.3%). On the Coquihalla Highway, 4.3% more passenger vehicles passed through the tollbooths last year.

Employment in key tourism-related industries edged up (+0.2%) last year, led by increases in the air transport (+2.2%) and the arts, entertainment and recreation (+4.3%) industry, but offset by decreases in the accommodation sector (-4.7%). The food and beverage industry (0.0%) saw virtually no change. In BC, restaurant and tavern receipts increased (+5.6%) in 2004 to over $5.9 million.

The overall indication is that 2004 was a good year for the tourism sector in BC.

Looking Ahead

The BC tourism industry seems to be headed for a good year in 2005. Room revenues and other tourism indicators are showing positive growth.

> Estimates for tourism GDP and total direct tourism employment in 2004 were not ready at the time of publication. They will be updated as soon as they become available.

Tourism Indicators

Annual Series, 1999-2004

	1999	2000	2001	2002	2003	2004
Tourism Room Revenue ($ thousands)						
BC Total	1,329,347	1,442,085	1,473,983	1,506,188	1,486,681	1,592,097

Source: BC STATS

Gross Domestic Product ($ millions)*						
CURRENT DOLLARS						
BC Total	110,806	120,533	122,195	125,926	129,853	n/a
Tourism	5,118	5,254	5,441	5,577	5,676	n/a
CONSTANT DOLLARS (1997 dollars)						
BC Total	109,176	114,229	115,647	118,240	121,203	n/a
Tourism	4,836	4,947	4,984	5,070	5,070	n/a

Source: BC STATS

** Estimates for tourism GDP data are based on information published in the spring of 2004.*

Tourism Revenue & Volume Estimates						
Revenue ($ milllions)	9,080	9,449	9,242	9,336	8,953	9,473
Visitor Volume (thousands)	22,053	22,491	22,381	22,571	21,870	22,450

Source: Tourism BC

Visitor Entries to Canada via British Columbia (thousands of persons)						
USA -- Total	6,862	7,006	6,895	6,596	6,137	6,021
Overnight	3,492	3,599	3,637	3,788	3,557	3,571
OVERSEAS -- Total	1,408	1,476	1,418	1,375	1,198	1,403
EUROPE	485	498	466	412	410	458
Germany	82	79	76	76	76	86
United Kingdom	204	204	204	205	206	222
ASIA	716	759	732	764	578	716
Hong Kong	88	89	89	91	68	74
Japan	284	279	257	277	185	246
Taiwan	96	99	98	97	63	96
Australia	95	96	98	101	105	121
CANADA -- Total (returning to Canada)	9,588	9,435	8,329	7,197	7,285	7,851
From U.S.A. -- Total	8,789	8,569	7,426	6,270	6,343	6,809
From Overseas	799	866	903	928	942	1,043

Source: Statistics Canada, International Travel (66-001)

Transportation (thousands)						
Vancouver Airport -- arrivals & departures	15,806	16,033	15,477	14,877	14,321	15,726
Victoria Airport -- arrivals & departures	1,191	1,139	1,158	1,102	1,183	1,250
BC Ferries -- passengers	21,369	21,280	21,309	21,540	21,348	21,953
Coquihalla Highway -- passenger vehicles	2,388	2,400	2,461	2,530	2,480	2,586

Sources: Vancouver Airport, Victoria Airport, BC Ferries, Ministry of Transportation & Highways

Hotel Occupancy & Room Rates (annual average)						
Occupancy (%)	61.69	59.97	59.29	58.90	58.31	61.53
Room Rate ($)	112.05	114.04	116.13	117.00	113.72	115.62

Source: Pannell Kerr Forster (Vancouver)

Tourism Indicators

Annual growth rates, 1999-2004

% change from previous year	1999	2000	2001	2002	2003	2004
Tourism Room Revenue						
BC Total	10.2	8.5	2.2	2.2	-1.3	7.1

Source: BC STATS

Gross Domestic Product						
CURRENT DOLLARS						
BC Total	4.6	8.8	1.4	3.1	3.1	n/a
Tourism	5.4	2.7	3.6	2.5	1.8	n/a
CONSTANT DOLLARS						
BC Total	3.0	4.6	1.2	2.2	2.5	n/a
Tourism	2.6	2.3	0.7	1.7	0.0	n/a

Source: BC STATS

Tourism Revenue & Volume Estimates						
Revenue	4.0	4.1	-2.2	1.0	-4.1	5.8
Visitor Volume	1.4	2.0	-0.5	0.8	-3.1	2.7

Source: Tourism BC

Visitor Entries to Canada via British Columbia						
USA – Total	4.8	2.1	-1.6	-4.3	-7.0	-1.9
Overnight	2.0	3.1	1.1	4.2	-6.1	0.4
OVERSEAS – Total	8.6	4.8	-3.9	-3.0	-12.9	17.1
EUROPE	7.8	2.8	-6.4	-11.7	-0.4	11.7
Germany	-0.6	-3.7	-3.4	0.1	0.5	13.0
United Kingdom	-0.5	0.2	0.1	0.2	0.6	8.1
ASIA	9.7	6.0	-3.6	4.4	-24.4	23.9
Hong Kong	1.8	1.9	-0.5	2.3	-25.2	9.3
Japan	-1.6	-1.7	-7.9	7.6	-33.2	33.0
Taiwan	3.9	3.2	-1.0	-0.3	-35.0	52.5
Australia	0.2	1.4	1.9	3.1	3.9	14.6
CANADA – Total (returning to Canada)	-8.3	-1.6	-11.7	-13.6	1.2	7.8
From U.S.A. – Total	-8.9	-2.5	-13.3	-15.6	1.2	7.3
From Overseas	-0.1	8.5	4.2	2.7	1.5	10.7

Source: Statistics Canada, International Travel (66-001)

Transportation						
Vancouver Airport – arrivals & departures	1.9	1.4	-3.5	-3.9	-3.7	9.8
Victoria Airport – arrivals & departures	-1.9	-4.4	1.7	-4.9	7.3	5.7
BC Ferries – passengers	-0.2	-0.4	0.1	1.1	-0.9	2.8
Coquihalla Highway – passenger vehicles	0.5	0.5	2.5	2.8	-2.0	4.3

Sources: Vancouver Airport, Victoria Airport, BC Ferries, Ministry of Transportation & Highways

Hotel Occupancy & Room Rates						
Occupancy (percentage point change)	-0.2	-1.7	-0.7	-0.4	-0.6	3.2
Room Rate (% change)	3.2	1.8	1.8	0.8	-2.8	1.7

Source: Pannell Kerr Forster (Vancouver)